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DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION
Washington

X RURAL ELECTRIFICATION
THROUGH REA COOPERATIVES

Introduction:

Only a few years ago there were vast rural areas in this country where farm families could only dream of the day when they might have electricity. Today many of these families are enjoying its benefits and consider it a necessity.

You too can join the ranks of those who are rapidly receiving service. The steps to take are logical and simple. Your success will depend in large measure upon your enthusiasm and your ability to cooperate—to work together for the good of all.

Your First Move:

The first step farm people must take to secure electricity is to decide for themselves how the community as a whole feels about it. Discuss the subject with friends and neighbors. Enlist the aid of your county agent and home demonstration agent. Appoint a committee to arrange for meetings. Write to the Rural Electrification Administration—REA—at Washington, D. C., and ask to have a field representative sent to your territory to discuss the rural electrification program with you in a county-wide mass meeting of interested farmers and their wives.

Plan and Program of REA:

REA, a unit of the Department of Agriculture, is a branch of the Federal Government. Its primary function is to make self-liquidating loans to organized cooperative groups of people to finance the cost of rural electric distribution systems designed to serve farm families not now receiving central station service.

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The funds are made available on a 20 to 25-year repayment plan at very low interest rates (under 3%) and the sole security taken is a mortgage on the lines that are built and a lien on its revenues. There is absolutely no personal financial liability on the part of a member, nor are any contributions solicited for building any of the line. This is made possible at the outset by planning the distribution system to completely cover an area and studying the economic feasibility of the area as a whole. This is why it is so necessary to have complete cooperation from all in the beginning.

In addition to making loans to completely finance a rural electric cooperative, the REA assists the projects by giving free counsel in all technical matters which they may desire; for example, if a complex legal situation arises, the staff lawyers familiar with that area will devote all their time and effort in helping the project to secure a satisfactory solution; again, if an engineering difficulty becomes apparent, the REA corps of engineers, experienced in rural distribution engineering will immediately attack the problem and work with the project engineer until the situation is under control. In other words, the Federal organization offers to the cooperative projects the benefit of wide experience in their problems.

Meeting with REA Representative:

As interest grows the county agent or other local leader should keep a list of all persons inquiring about securing electric service, so that when his people request that an REA field representative attend a meeting in that county, he may advise all those on his list and all others possible of the meeting in advance.

To this group, which should include all farm men and women in the county, the representative outlines the cooperative plan for securing power. The purpose of this meeting is twofold; (1) his explaining the Government plan for assistance, and (2) the group's telling him about their possibilities for project development. A rough estimate of the number of farmers desiring service, and the number of miles of lines necessary to serve these should be given to him.

Responsibilities of the Farm People:

At the meeting with the REA representative a group is selected as incorporators. Incorporation is a vital step, required by state laws, which protects the individual members from assessments, and qualifies the cooperative as an applicant for a loan from the Government.

Approval will then be given for further survey of the area with the project definitely in mind. A simple procedure will be outlined by the REA representative and material distributed explaining it in detail. After he leaves, a survey is started by members of the community and their responsibility for making the survey is in their hands.

After the incorporation, membership agreements are signed and a membership fee of \$5.00 is collected. Each farmer desiring service must agree to become a member in order to secure service, and with this membership the farmer agrees to purchase a minimum amount of current when the lines are energized. To save the expense of making numerous trips, many projects have accomplished two other jobs at the time of signing for membership; namely, granting of a right-of-way easement for the line, and the signing of a contract for wiring, as both of these must be fulfilled before the actual line can be built to the house.

When a thorough survey has been completed, the board of directors, consisting of the original incorporators, selects an engineer to compile the survey data, route the line, and prepare maps to present to REA in support of their request for a loan.

Action Taken by REA:

The request together with the supporting material is sent in to REA for a feasibility study and allotment of necessary funds.

Actual Construction:

After allotment, bids are requested from contractors and the successful bidder builds the line after necessary legal items in connection with the loan contract are handled. Lines are only built to farmers who have applied for membership, have signed right-of-way easements and who have either wired their houses or made arrangements for doing so.

The Cooperative and its Operations:

Wholehearted cooperation of all parties concerned is the key to both successful development and operation. Being a democratic rural community enterprise organized for the common benefit, it is essential that all members take part in its affairs. The community as a whole has planned the enterprise, borrowed the money, and must for its own welfare continue to function democratically or the hoped-for success will be short-lived.

It is a part of a national program, aided by a national "big-brother", to provide rural members with electric service at cost. It is essentially a non-profit enterprise owned and controlled by those it serves. A well-informed and loyal membership is essential and this goal should be striven for at all times. With one vote per member in democratic mass membership meetings, the control is in the hands of the members perpetually. In twenty or twenty-five years, the revenue has paid off the loan, the lines become the property of the cooperative, and rates can be reduced as payments on the loan no longer are necessary.

